

RESOLUTION NO. 2931

RESOLUTION OF INTENTION TO APPROVE CONTRACT PROVIDING
FOR PARTICIPATION IN STATE EMPLOYEES' RETIREMENT SYSTEM

WHEREAS, the State Employees' Retirement Law permits the participation of Public Agencies in the State Employees' Retirement System, making their employees members of said System, and sets forth the procedure by which participation may be accomplished; and

WHEREAS, one step in said procedure is the adoption by the Governing Body of the Public Agency of a resolution giving notice of intention to approve a contract for such participation between said Governing Body and the Retirement System Board of Administration, which resolution shall contain a summary of the major provisions of the proposed retirement plan; and

WHEREAS, attached is a summary of the major provisions of the proposed plan;

NOW, THEREFORE, BE IT RESOLVED, that the CITY COUNCIL of the CITY OF LODI gives, and it does hereby give notice of intention to approve a contract between said CITY COUNCIL and the Board of Administration of the State Employees' Retirement System, providing for participation of said CITY OF LODI in said Retirement System, a copy of said contract and copies of the summary of major provisions of the proposed plan being attached hereto, marked "Exhibit A, B, and C" respectively, and by this reference made a part hereof.

Dated: March 16, 1966

I hereby certify that the foregoing resolution was passed and adopted by the City-Council of the City of Lodi in regular meeting held March 16, 1966, by the following vote:

AYES: Councilmen - BROWN, CULBERTSON, DOW, WALTON
and KIRSTEN

NOES: Councilmen - None

ABSENT: Councilmen - None

Beatrice
City Clerk



EXHIBIT ONLY

CONTRACT
BETWEEN THE
STATE EMPLOYEES' RETIREMENT SYSTEM
AND THE

CITY COUNCIL
OF THE
CITY OF LODI

In consideration of the covenants and agreement hereafter contained and on the part of both parties to be kept and performed, Public Agency and Board hereby agree as follows:

1. All words and terms used herein which are defined in the State Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 60 for miscellaneous members and age 55 for local safety members.
2. Public Agency shall participate in the State Employees' Retirement System from and after _____, 19____, making its employees as hereinafter provided, members of said System subject to all provisions of the State Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except such as by express provision thereof apply only on the election of contracting agencies.
3. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Local firemen (herein referred to as local safety members);
 - b. Local policemen (herein referred to as local safety members);
 - c. Employees other than local safety members (herein referred to as miscellaneous members).

The following employees shall be excluded from membership in said Retirement System:

EXCLUDE ELECTIVE OFFICIALS

4. Assets heretofore accumulated with respect to members and retired persons under the local retirement system who are transferred to the State Employees' Retirement System shall be transferred to the State Employees' Retirement System within four months after the effective date of this contract and applied against the liability for prior service incurred hereunder. That portion of the assets so transferred which represents the accumulated contributions (plus interest thereon) required of the employees under said local system shall be credited to the individual membership account of each such employee under the State Employees' Retirement System.

EXHIBIT ONLY

5. $\frac{1}{60}$ shall be the fraction of final compensation to be provided for each year of credited current service as a miscellaneous member upon retirement at normal retirement age, subject, however, to the modification set forth in Paragraph 6 below.
6. The fraction of final compensation specified in Paragraph 5 shall be reduced in the case of each member whose position is covered by Federal Social Security to $\frac{1}{90}$ for application to the first \$400 per month of final compensation.
7. Benefits for miscellaneous members on account of each year of prior service shall be as provided in Section 21253, Government Code, except that the fraction of final compensation otherwise provided therein shall be reduced by $\frac{1}{3}$ for application to the first \$400 per month of final compensation in the case of each member whose position is covered by Federal Social Security.
8. Benefits for local safety members on account of prior service shall be 100% of the fraction of final compensation for each year of current service as determined for local safety members under said Retirement Law and this contract.
9. The retirement benefits payable upon retirement for ordinary disability shall not be affected by the modification provided in Paragraph 6 of this contract except that for the purposes of the limit on any such allowance imposed under Section 21297, Government Code, allowances for retirement for service shall be computed according to the modified formula set out in Paragraph 6 of the contract. All other provisions of this contract shall be fully applicable to the computation of allowances upon retirement for disability.
10. Contributions for miscellaneous members shall be subject to Section 20601.5, Government Code, providing for a reduction in rates of contribution as it relates to the first \$400 of monthly compensation and 100 percent of such rate as it applies to the remainder of the monthly compensation. Miscellaneous members whose positions are excluded from Social Security coverage shall contribute in accordance with Section 20601.
11. Benefits paid to pensioners and annuitants under the local system on the effective date of this contract shall be recalculated as of such date as authorized by Section 20520 of the Government code to conform with benefits applicable to persons retiring after the effective date of this contract except that no benefit which would have been payable under the continuation of the local system shall be reduced.
12. The following provisions of the State Employees' Retirement Law which apply only upon election of a contracting agency shall apply to the Public Agency and its employees:
 - a. Sections 21251.1, 21251.14, and 21253 (providing for a guaranteed percentage of final compensation for each year of current and prior service and a reduction in such percentage for the purpose of computing the portion of the benefit which is related to the first \$400 of final compensation).

EXHIBIT ONLY

- b. Sections 21252.4 and 21252.45 (providing for a guaranteed percentage of final compensation for each year of current service for local safety members and a reduction in such percentage for the purpose of computing the portion of the benefit which is related to the first \$400 of final compensation).
 - c. Section 20024.01 (defining "final compensation" on the basis of a period of three consecutive years).
 - d. Section 21258(b) (providing a minimum retirement allowance of \$720.00 per year under certain conditions).
 - e. Section 21367.51 (providing a \$400.00 death benefit upon death after retirement).
 - f. Section 20025 (providing for inclusion of compensation without limit in computations where compensation is a factor).
 - g. Section 21365.5 (providing a monthly allowance in lieu of the basic death benefit for certain survivors of a member who dies in employment after qualifying for voluntary service retirement).
 - h. Section 20605.5 (providing that the normal rate of contribution for those employees who were members of the Local Retirement System shall be based on age at entry into said local system).
 - i. Section 21361.5 (providing that years of service rendered as a member of the Local Retirement System prior to the effective date of this contract shall be included in the computation of the basic death benefit provided in Section 21361 upon the death of any member who was also a member of said local system).
13. Public Agency shall contribute to said Retirement System as follows:
- a. 6.346 percent of total salaries reported for members in each payroll reporting period until June 30, 1986 on account of the liability for prior service benefits less 0.523 percent of total salaries paid to members for each \$100,000 of assets transferred to the State Employees' Retirement System to the extent such transferred assets exceed the accumulated local system contributions of members transferred under Paragraph 4.
 - b. 5.339 percent of total salaries reported by Public Agency each payroll reporting period for its employees who are and hereafter become members of said Retirement System on account of the liability for current service benefits, provided that only salary earned as members of said System shall be included in said total salaries.
 - c. A reasonable amount per annum, as fixed by Board to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodical investigation and valuation required by law,

provided that said amount shall be determined on the basis of the number of employees of Public Agency who are reported as members on the payroll covering January 1 of each year, or with respect to the first year of participation, on the effective date of said participation.

- d. A reasonable amount as fixed by the Board, payable in one installment as the occasions arise, to cover costs of special valuations on account of employees of Public Agency, and costs of the periodical investigation and valuation required by law.
14. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the State Employees' Retirement Law, and on account of the experience under the Retirement System, as determined by the periodical investigation and valuation required by said Retirement Law.
15. Contributions required of Public Agency and its employees shall be paid by public agency to the Retirement System within thirty days after the end of the period to which said contributions refer. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances, or adjustments on account of errors in contributions required of any employee may be made by direct cash payments between the employee and Board. Payments by Public Agency to Board may be made in the form of warrants, bank checks, bank drafts, certified checks, money orders or cash.

Witness our hands this _____ day of _____.

BOARD OF ADMINISTRATION
STATE EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL

OF THE
CITY OF LODI

BY _____
William E. Payne, Executive Officer

BY _____
Presiding Officer

Attest:

Clerk

EXHIBIT B

SUMMARY OF MAJOR PROVISIONS 1/90-1/60 at 60 Retirement Program Local Miscellaneous Members

MEMBERSHIP

Membership is compulsory for all employees, who are employed one-half time or more., except those excluded under the contract.

SERVICE RETIREMENT

The earliest retirement age is 55; the normal retirement age is 60; and the compulsory retirement age is 70. An employee may retire any time between these ages, 55 and 70, provided he meets the minimum requirements that he either have more than \$500.00 of accumulated contributions, or 20 years of service, or have attained the compulsory retirement age of 70.

At normal retirement age 60, the unmodified allowance is 1/90 of that portion of "final compensation" up to and including \$400 per month and 1/60 of that portion of "final compensation" as is in excess of \$400, for each year of credited service. If retirement is deferred beyond age 60, the percentages of "final compensation" for each year of service are increased actuarially up to age 65 but not beyond. If retirement is earlier than age 60, the percentages of "final compensation" for each year of service are actuarially decreased.

"Final compensation" is average monthly salary (full time rate) earned during that period of three consecutive years of highest earnings, excluding overtime compensation.

A minimum service retirement allowance of \$60.00 per month is guaranteed upon compulsory retirement with credit for prior service, or upon retirement at age 65 with twenty years of service.

DISABILITY RETIREMENT

An employee becoming disabled to the extent that he is incapable of performing his duties shall be eligible for disability retirement provided he has at least \$500 of accumulated contributions, or at least 10 years of service. The monthly

retirement allowance is 1.50% of "final compensation" for each year of service, with a minimum guarantee of one-third of final compensation for most employees who have rendered at least 10 years of service. The disability retirement allowance shall under no circumstances exceed the service retirement allowance payable upon retirement for service at age 60.

DEATH BENEFITS

The death benefit, where death occurs before retirement, consists of a refund of the member's accumulated contributions (including interest earned), plus an additional benefit equal to six months' salary where he has been a member for six years or more. For those who have been a member for less than six years, the additional benefit is one month's salary for each year of membership.

If death occurs after retirement a lump sum of \$400 will be paid. This amount will be in addition to any benefits which may be paid from Social Security or any payments which might be made under an optional retirement benefit chosen by the member at his retirement.

1957 SURVIVOR BENEFIT

Employees who have at least 5 years of service and who are at least age 55 have further death protection under the 1957 Survivor Program. Should such an employee die before retirement, his surviving widow may elect to receive either the basic death benefit or a monthly income equal to one-half the unmodified retirement allowance the employee was eligible for on the date of his death. The monthly income is payable until the widow's death or remarriage with a guarantee that she will receive at least as much as she would have received under the basic death benefit.

TERMINATION OF EMPLOYMENT

Upon termination of employment, an employee may either leave his contributions with the System and receive, upon attaining retirement age, the retirement benefit he has earned, or he may withdraw his contributions (plus interest), thus terminating his membership in the System and receiving no retirement benefit. Except, (1) a member with \$500 or less in accumulated contributions and less than 20 years of service shall not have the privilege of leaving his contributions with the System, but shall automatically have his contributions, plus interest, refunded upon termination of employment, and (2) a member who is transferring to employment with another agency which is covered under the System shall not have the right of withdrawing his accumulated contributions.

EMPLOYEE CONTRIBUTIONS

Each member makes monthly contributions to the System which are deducted from his salary. The rate of contribution (percentage of pay) depends upon a member's sex and age (nearest birthday) on the date of becoming a member and varies from a minimum of 3.52% to a maximum of less than 11.56%.

The employer also contributes toward the cost of the benefits. The amount contributed by the employer for current service benefits will, on the average, exceed the cost to the employee. In addition, the employer bears the entire cost of prior service benefits.

All contribution rates are subject to revision by the Board of Administration.

EXHIBIT C

SUMMARY OF MAJOR PROVISIONS Local Safety Members - Modified One-Half Pay at 55 Retirement Program

MEMBERSHIP

Membership is compulsory for all employees, who are employed one-half time or more, except those excluded under the contract.

SERVICE RETIREMENT

The earliest retirement age is 55; the normal retirement age is 55; and the compulsory retirement age is 65. A local safety member may retire any time after age 55 provided he either has \$500 of accumulated contributions, or has attained the compulsory retirement age of 65.

The monthly income is determined by age at retirement, years of credited service, and "final compensation". The latter term means the average monthly salary (excluding overtime) during the 36 consecutive highest paid months. The basic benefit formula is designed to provide an age 55 allowance equal to 50% of "final compensation" for all who enter safety service at age 35 or under and continue to be so employed until age 55. In order to coordinate the benefits from the State System with benefits from Social Security, the law provides that the portion of the State System benefit which relates to the first \$400 of monthly salary will be two-thirds of the full formula with the full formula governing that portion of the benefit which is earned by the excess of "final compensation" over \$400.

Mathematically this is exactly the same as though the salary subject to retirement were reduced by \$133.33 for any member earning \$400 a month or more. Therefore, tables and worksheets in this material present simplified computations based on "adjusted compensation" which produces results identical to the formula specified in the law.

DISABILITY RETIREMENT

An employee becoming disabled to the extent that he is incapable of performing his duties shall be retired for disability. His disability will be either employment connected (industrial disability) or otherwise (nonindustrial disability).

An employee who becomes disabled while a member of this System for reasons arising out of his employment, will be eligible for a life income of fifty (50%) percent of his final compensation. If his disability is such that he is also entitled to a disability income from Social Security, the State System benefit will be reduced by the amount of his Social Security benefit.

An employee becoming disabled for reasons not connected with his employment shall be eligible for disability retirement provided he has at least \$500 of accumulated contributions or at least 10 years of service; such disability allowance is equal to 1.5% of final compensation for each year of service, with a guarantee of 1/3 of such final compensation for most employees who have rendered at least 10 years of service. The "ordinary" disability retirement allowance shall under no circumstances exceed the service retirement allowance which would become payable at age 55 if employment could be continued to that age.

DEATH BENEFITS

Death Before Retirement

Basic Death Benefit This benefit is a refund of the member's accumulated contributions plus six months' salary provided he has been a member for six years or more. For those who die before completing six years of membership, the benefit is one month's salary for each year of membership plus refund of contributions. The salary referred to is that earned during the year preceding death. Prior service does not count toward this benefit.

Industrial Death If death is service-connected in the judgment of the Industrial Accident Commission, a monthly income is paid to the widow for life (or until remarriage) instead of the above basic death benefit. However, if she is also eligible for survivor benefits from Social Security because of the member's death, the State system benefit will be reduced by the amount of such Social Security so long as Social Security benefits are payable (usually until the youngest child reaches 18 and after the widow reaches age 62). The total, including Social Security, would be 50% of "final compensation". If death was caused by external violence or physical force, the total benefit (including Social Security) would be increased to the following percentages of "final compensation" so long as the widow lives and does not remarry:

Widow with 3 or more children under 18	75%
Widow with 2 children under 18	70%
Widow with 1 child under 18	62½%

Death After Retirement

The death benefit is \$400. This is in addition to any remaining "temporary annuity" installments and any benefits payable under an option chosen at retirement.

1957 Survivor Benefit

Employees with 5 or more years of service who have reached the minimum age for service retirement have further death protection under this item. Here the surviving widow can elect to receive either the basic death benefit or a monthly income equal to one-half the unmodified retirement allowance the employee was eligible for on the date of his death. The monthly income lasts until the widow's death or remarriage with a guarantee that the System will pay as much as under the basic death benefit.

TERMINATION OF EMPLOYMENT

Upon termination of employment, an employee may either leave his contributions with the System and receive, upon attaining retirement age, the retirement benefit he has earned, or he may withdraw his contributions (plus interest), thus, terminating his membership in the System and receiving no retirement benefits. Except, (1) a member with \$500 or less in accumulated contributions and with less than 20 years of service shall not have the privilege of leaving his contributions with the System, but shall automatically have his contributions, plus interest, refunded upon termination of employment and (2) a member who is transferring to employment with another agency which is covered under the system shall not have the right of withdrawing his accumulated contributions.

EMPLOYEE CONTRIBUTIONS

Each member makes monthly contributions to the System which are deducted from his salary. The rate of contribution (percentage of pay) depends upon a member's sex, age at entry into the system and amount of service prior to the contract date. Such contributions, for male employees, with no prior service, currently range from a minimum of 5.26% of salary to a maximum of 12.34% of salary.

The employer also contributes toward the cost of the benefits. The amount contributed by the employer for current service retirement benefits will, on the average, exceed the cost to the employee. In addition, the employer bears the entire cost of prior service benefits, the industrial death and disability benefits.

All contribution rates are subject to revision by the Board of Administration.